

**FINAL 8/25/03**

**ACCOUNTING EXAMINING BOARD MEETING  
MADISON, WI  
MAY 16, 2003  
MINUTES**

**PRESENT:** Sharon Hamilton, Jim Johnson, Roman Jungers, Thomas Kilkenny, Frank Probst

**EXCUSED:** Fredrick Franklin

**STAFF PRESENT:** Otis Nicksion, William Dusso, Pamela Meicher

**GUESTS:** LeRoy Schmidt, WICPA; Arland Stone, WAA

**CALL TO ORDER**

Jim Johnson, Chair, called the meeting to order at 9:02 a.m. A quorum of 5 members was present.

**AGENDA**

**Amendments to Agenda:** Add "A Streamlined Approach to Accounting Regulation" from NASBA.

**MOTION:** Thomas Kilkenny moved, seconded by Sharon Hamilton, to approve the agenda as amended. Motion carried unanimously.

**MINUTES – MARCH 21, 2003**

**MOTION:** Roman Jungers moved, seconded by Sharon Hamilton, to approve the minutes of 03/21/03 as published. Motion carried unanimously.

**TELECONFERENCE MINUTES 04/30/03**

**Changes to Minutes:** Add Roman Jungers to list of attendees.

**MOTION:** Roman Jungers moved, seconded by Sharon Hamilton, to approve the minutes of 04/30/03 with changes. Motion carried unanimously.

**ADMINISTRATIVE REPORT, OTIS NICKSION, DIRECTOR, BUREAU OF  
BUSINESS AND DESIGN PROFESSIONS**

Otis Nickision introduced himself and gave a brief review of his background.

**Board Roster**

Noted.

**2003 Meeting Dates**

Roman Jungers name needs to be corrected on the 2003 Meeting Dates under screening. Mr. Jungers also reminded the Board that he will not be available for the 06/10/03 meeting and that Frederick Franklin needs to be contacted to remind him that he needs to do screening on that date.

**Summary Reports on Pending Court Cases, Disciplinary Cases and Administrative Rules and Monthly Press Release of Disciplinary Orders**

Noted.

**Regulatory Digest Articles for 8/2003 Issue**

Mr. Nickision has asked that any articles for the Regulatory Digest be forwarded to him for publishing.

**Discussion of the Possibility of Increasing Fees – Secretary's Office**

Deputy Secretary Mary Schlaefter led the discussion on the possibility of increasing fees. Ms. Schlaefter advised the Board that no fee study was conducted for the last budget. The Joint Finance Committee has requested that the Department of Regulation and Licensing have a fee study conducted. Grant Thornton, a consultant for data won the contract and completed the study in record time. The study used a cost based model based on a four year cycle versus a two year cycle as done in the pasted.

Elizabeth Reinwald, the new DRL budget manager introduced herself. She comes from the DER and was most recently the budget coordinator and the legislative liaison for that agency. Based on the data provided by Grant Thornton some examples of fee changes would be:

Accountant License fee	\$53	Proposed fee	\$120
Current Renewal fee	\$56	Proposed fee	\$ 44

Accounting Firm fee	\$53	Proposed fee	\$34
Current Renewal fee	\$56	Proposed fee	\$65

The Board had concerns about the initial fee proposal going up to \$120. The concern is that the new people applying for licensure are not established and the examinations are costly. The Board believes this could cause undue hardship on new applicants.

The Board asked the Deputy Secretary Schlaefer about the restrictions on travel. Ms. Schlaefer advised the Board that the Secretary has been discussing this issue with the Governor. The department hopes to have final travel information available to the Board in the near future. The department's proposal is that there is greater ability for Boards to travel out of state because there is a need for national presence because our Boards are regulatory.

### **NEW PROCESS FOR APPLICATION REVIEW**

Jan Bobholz and Kate Tucker discussed the new process for application review. Ms. Tucker will contact Board members by phone or email to let them know how many applications need review. It will be the Boards option on when they want to schedule the review. The Board will be provided the list of applicants pending passing the Ethics exam.

**MOTION:** Sharon Hamilton moved, seconded by Roman Jungers, to adopt the new process for applications contingent upon receipt of the Ethics exam passing scores and the application review list will also include the list of licenses granted by the staff subsequent to the prior Board meeting. Motion carried unanimously.

### **REVIEW STATUS OF ADMINISTRATIVE RULES**

#### **Status of Peer Review Rule, William Dusso**

Legal Counsel William Dusso gave an update on the Peer Review Rule to the Board. Mr. Dusso explained to the Board that the March 14, 2003 draft copy sent to the legislature for review had a mix up. The legislature scheduled a hearing for the peer review, however, it was not on the latest version of the rule. Mr. Dusso advised the legislature that the version of the rule being presented was not the latest. The hearing was cancelled. Mr. Dusso provided modifications to the Clearinghouse Rule 02-119 to Representative Seratti and Senator Reynolds identifying the modifications to the rule and explaining the reasons for the changes.

Mr. Dusso advised the Board the legislature has until next Friday to review the rule. If there are no objections or concerns on the rule, the rule will be published May 23, 2003 would become effective in August or September, 2003. If concerns are raised, Mr. Dusso will contact the Board for a teleconference call.

Frank Probst volunteered to write an article in the Regulatory Digest on the Peer Review Rule.

**MOTION:** Sharon Hamilton moved, seconded by Thomas Kilkenny, to adopt the rule and ordering that the rule be filed as provided in Wis. Stat. § 227.20, except that if a legislative committee objects or requests a meeting or hearing prior to May 30, 2003, then the rule shall be returned to the Board. Motion carried unanimously.

#### **Review of the Revised Modernization Act, Conforming Code Changes. William Dusso**

Mr. Dusso reviewed the draft rules to the Modernization Act which requires changes to the Administrative code. Mr. Dusso provided the Board with the latest draft copy of the Modernization Rules dated May 16, 2003. Mr. Dusso asked the board to review the draft and changes suggested and confirm that the amendments to Wis. Admn. Code Accy 1.202 be made as part of the Modernization rule.

**MOTION:** Sharon Hamilton moved, seconded by Roman Jungers, to send the Modernization Rules to the Clearinghouse and schedule it for a public hearing at the next Board meeting on 08/15/03. Motion carried unanimously.

#### **Independence Rules, William Dusso**

Mr. Dusso distributed an updated draft of Clearinghouse Rule 02-120 relating to a requirement for independence by certified public accountants.

**MOTION:** Sharon Hamilton moved, seconded by Thomas Kilkenny, (a) to adopt Clearinghouse Rule 02-120 as presented without definition section, as the final draft form of the rule and that the rule shall be submitted to the standing committees of the legislature according to the procedure in Wis. Stat. § 227.19; and, (b) if no meeting or hearing is requested by a legislative committee then the rule shall be filed as provided in Wis. Stat. § 227.20 without further action by the Board; and (c) if meeting or hearing is requested by a legislative committee under Wis. Stat. § 227.19, then the matter shall be returned to the Board for further review. Motion carried unanimously.

## **EXAMINATION/APPLICATION ISSUES**

### **Determine Need for Wisconsin Ethics Exam, Darwin Tichenor**

Darwin Tichenor provided the Board with the content outline of the Wisconsin Accounting Ethics Examination. The chart provided the content area, the number of questions in the content area and the percentage of the exam covering the areas. Mr. Tichenor asked the Board if they want a broader ethics exam. The Board determined that they need to review the current exam and modernize the exam to reflect changes in the rules and regulations.

Frank Probst will be attending a NASBA meeting and will try to collect sample ethics exams from across the country. Mr. Probst will also try to find out what NASBA's opinion is on the ethics exam. Once that information is collected, the Ethics Exam committee will meet to validate that the exam accomplishes its purpose which is to protect the public interest and to ensure that the exam is effective in that applicants understand the rules and code.

### **Computerized Exams, Jim Johnson**

Jim Johnson attended the simulated computerized examination held at Whitewater. Mr. Johnson said the exam was very comprehensive and that he was happy to have attended that session. Mr. Johnson said the testers had to sign a form for security reasons.

Mr. Johnson advised the Board that the simulation part two will be held on November 11 and 12, 2003 at Whitewater and that another session may be held in Eau Claire later in the year.

### **AICPA Passing Score Proposal and Pretest, Barbara Showers**

Dr. Barbara Showers discussed the white papers on "Setting Passing Scores on the Uniform CPA Examination" and "Pretesting for the Revised Uniform CPA Examination".

The purpose of the Setting Passing Scores paper is to provide the content for setting passing scores on the Uniform CPA Examination, explain the importance of the process used to set a passing score, and document the decision made by the BOE (Board of Examiners) with regard to the methods used to set passing scores on the computer-based CPA examination.

The Pretesting paper discusses the rationale and methodology associated with pretesting of questions for the revised Uniform CPA Examination and provides information on the pretesting initiative currently in place as part of the computerized project.

## **A STREAMLINED APPROACH TO ACCOUNTING REGULATION**

The Board noted NASBAs “A Streamlined Approach to Accounting Regulation”. The main goals covered in the paper for achievement were: Each state participates in and contributes to a secure licensee database maintained by NASBA to facilitate state and federal regulatory functions, Each state recognizes that accountancy licensees from states that have met requirements substantially equivalent to the Uniform Accountancy Act’s as specified in Section 23, are qualified to practice in every state; and Each state adopts a uniform approach to application of the Sarbanes-Oxley Act at the state level.

After discussion the Board has requested that the subject of substantially related to accounting be added to the next agenda with Mr. Dusso leading the discussion.

## **PRACTICE ISSUES**

None

## **BOARD MEMBER ACTIVITY**

Norbert Johnson will write and send a letter to Secretary Strong Hill advising her of the importance of our Board members attending National meetings.

## **PRESENTATION OF PROPOSED STIPULATIONS BY PROSECUTOR OR ANY THAT MAY BE SUBMITTED AFTER PRINTING OF AGENDA**

None

## **MISCELLANEOUS CORRESPONDENCE/INFORMATION**

### **Arizona State Board of Accountancy**

The Board noted the letter from the Arizona State Board of Accountancy nominating Diane M. Rubin, CPA for Director-At-Large.

### **NASBA Committees**

The Board noted the correspondence from NASBA asking if Board members would like to serve on any of their committees. The committees are created on an annual basis to recognize, understand and respond to the issues affecting the regulation of accountancy.

## **NEW BUSINESS**

The Board advised Jan Bobholz that the conviction of DWI does not warrant that the Board reviews the application if all other requirements are met.

### **CLOSED SESSION**

**MOTION:** Sharon Hamilton moved, seconded by Roman Jungers, to convene to closed session to deliberate on cases following hearing (s. 19.85(1)(a), Stats.; to consider licensure or discipline (s. 19.85(1)(b), Stats.; to consider individual histories or disciplinary data (s. 19.85(1)(f), Stats.; and, to confer with legal counsel (s. 19.85(1)(g), Stats. Motion carried by roll call vote: Sharon Hamilton-yes, Jim Johnson - yes, Roman Jungers - yes, Thomas Kilkenny - yes, Frank Probst-yes.

Open session recessed at 11:37 a.m.

### **RECONVENE TO OPEN SESSION**

**MOTION:** Roman Jungers moved, seconded by Sharon Hamilton, to reconvene into open session at 12:07 p.m. Motion carried unanimously.

### **VOTE ON ITEMS CONSIDERED OR DELIBERATED UPON IN CLOSED SESSION, IF VOTING IS APPROPRIATE**

**MOTION:** Frank Probst moved, seconded by Sharon Hamilton, to approve the 44 candidates that the Board approved today based on examination, transfer of credit from another state and endorsement of license from another state. Motion carried unanimously.

**MOTION:** Sharon Hamilton moved, seconded by Roman Jungers, to deny licensure to Ryan P. Laughlin. Motion carried unanimously.

**MOTION:** Sharon Hamilton moved, seconded by Thomas Kilkenny, to approve seven candidates contingent on receipt of ethics passing score or other state verification of licensure. Motion carried unanimously.

### **APPLICATIONS REVIEWED ON MAY 16, 2003**

The Board took the following action on applications. Applicants applied based on examination, transfer of credit from another state and endorsement of license from another state.

**FOR REGISTRATION AS A CERTIFIED PUBLIC ACCOUNTANT**

1. Approved – 44  
ANDERSON, KELLY D  
ANDREAE, JESSICA S  
BANDELL, MELISSA A  
BUCSEK, GENEVIEVE M  
CARROLL, CHERYL K  
CIESLEWICZ, GREGORY J  
COTA, KIMBERLY M  
DE GEAR, JESSICA M  
DEL VECCHIO, DAVID M  
DREW, MARK J  
FRISCH, SHAWN M  
FUNDENBERGER, MATTHEW  
GENIN, ANGELA K  
GORECKI, BONNIE J  
GRINDELAND, DAWNE R  
GUESS, MELISSA L  
HACKBARTH, DALE T  
HARRIGAN, PAUL D  
HEIM, RACHEL F  
JANECZKO, DEANN M  
KENNER, BARBARA A  
KLUZ, JEREMY J  
KRONSCHNABEL, LAWRENCE J  
KUNESH, ANNETTE M  
LA CROSS, DEBRA L  
LAZIC, DALIBORKA  
MANDT, DONNA R  
MEIDENBAUER, DENISE C  
MENZ, MICHAEL P  
MENTINK, CAROL S  
MIKOLAJCZAK, MARY B  
MINDY, THOMAS J  
MURPHY, CHRISTINE L  
RAIT, DALE R  
ROWE, SUSAN K  
SANDLE, ROBERT T  
SCHUMER, CATHERINE E  
SHAN, XIANGJING  
SMITH, SETH A  
STOCKDALE, PATRICIA P  
WALDRON, ERIC H



WHIPP, LEE M  
WITCZAK, MARGARET L  
ZELENOVSKIY, KATRENE L

Intent to Deny- 1

LAUGHLIN, RYAN P

Approved Contingent on Receipt of Ethics Passing Score or Other State Verification  
of Licensure – 7

DRAKE, KATHARINE D  
GERBER, BRETT A  
LA FEVER, ROY T  
OLSEN, SCOTT D  
SEREMBICZKY, MICHAEL R  
TADDY, BECKY M  
URBAN, JASMINA

#### **PENDING APPLICATIONS**

##### **JAMES BARTOLONE**

**MOTION:** Sharon Hamilton moved, seconded by Roman Jungers, to grant  
licensure to James Bartolone. Motion carried unanimously.

#### **ADJOURNMENT**

**MOTION:** Sharon Hamilton moved, seconded by Thomas Kilkenny, to  
adjourn the meeting at 12:09 p.m. Motion carried unanimously.

**Next Meeting: Friday, August 15, 2003 - 9:00 a.m.  
Room 179A**